

SENATE BILL 2002
By Kyle

AN ACT to amend Tennessee Code Annotated, Title 56; Title 57; Title 67, Chapter 4, Part 10; Title 68 and Title 71. This act makes appropriations for the purpose of providing health care programs to disadvantaged Tennesseans for an indefinite period of time.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. This act shall be known and may be cited as the "TennCare Stabilization Act of 2005".

SECTION 2. Tennessee Code Annotated, Section 57-3-302(a), is amended by deleting the subsection in its entirety and by substituting instead the following:

(a) There is levied upon the sale or distribution by sale or gift a tax of one dollar seventy-five cents (\$1.75) on each gallon of wine, and a like or proportional rate per gallon on wine sold or distributed in any other container of more or less than one (1) gallon; provided, that the provisions of this chapter hereof shall not apply to the sale, gift or distribution of any wine manufactured, sold, given away or distributed and used solely for sacramental purposes.

SECTION 3. Tennessee Code Annotated, Section 57-3-302(b), is amended by deleting the language "four dollars and forty cents (\$4.40)" and by substituting instead the language "five dollars (\$5.00).

SECTION 4. Tennessee Code Annotated, Section 57-5-201(a)(1), is amended by deleting the language "four dollars and twenty-nine cents (\$4.29)" and by substituting instead the language "four dollars and seventy cents (\$4.70)".

SECTION 5. Tennessee Code Annotated, Section 67-4-1004(a), is amended by deleting the language "ten (10) mills" and by substituting instead the language "twenty-three and one-half (23½) mills".

SECTION 6. Tennessee Code Annotated, Section 67-4-1004, is amended by adding the following new subsections thereto:

(e) Notwithstanding any provision of law to the contrary, any increase in revenue generated from the increase in tax levied in § 67-4-1004(a) from ten (10) mills to twenty-three and one-half (23½) mills shall be deposited into a special account within the general fund to be used first to maximize available federal funding for the TennCare program or a successor entity or program and second to provide statewide health care programs or services to disadvantaged Tennesseans. All such funds shall be used to supplement, not supplant, existing resources for such programs and services. No increase in revenue generated by this section shall be distributed to county or municipal governments unless specifically authorized by the general appropriations act.

(f) Any wholesale dealers, jobbers, tobacco distributors, and retail dealers having cigarette tax stamps, affixed and unaffixed, in their possession on the effective date of this act, shall not be required to pay the additional cigarette tax on such stamps resulting from the increase in tax rate from ten (10) mills to twenty-three and one-half (23½) mills on cigarettes bearing such stamps.

SECTION 7. Tennessee Code Annotated, Section 67-4-1005(a), is amended by deleting the language "six and six-tenths percent (6.6%) of the wholesale cost price" and by substituting instead the language "seven and three-tenths percent (7.3%) of the wholesale cost price".

SECTION 8. Notwithstanding any provision of law to the contrary, all increases in revenue from this act shall be deposited into a special account within the general fund to be

used first to fund the provisions of the Tenn Care Assist program provided in the TennCare waiver, or a successor entity or program and second to provide statewide health care programs or services to disadvantaged Tennesseans. All such funds shall be used to supplement, not supplant, existing resources for such programs and services. No increase in revenue generated by this act shall be distributed to county or municipal governments unless specifically authorized by the general appropriations act.

SECTION 9. Notwithstanding any provision of law to the contrary, the commissioner of revenue is authorized to waive tax liability and associated interest and penalties otherwise imposed for the failure to pay taxes levied pursuant to this act in a timely manner, but only to the extent that the taxpayer or vendor can demonstrate, to the commissioner's satisfaction, that the taxpayer's or vendor's noncompliance with the requirements of this act unavoidably and directly resulted from the close proximity of this act with implementation of the increase in tax rates pursuant to the provisions of this act.

SECTION 10. Sections 1 through 8 of this act shall take effect July 1, 2005, the public welfare requiring it. Section 9 of this act shall take effect upon becoming a law, the public welfare requiring it, and shall be repealed September 1, 2005, the public welfare requiring it.